BEFORE THE BOARD OF ENVIRONMENTAL REVIEW OF THE STATE OF MONTANA

In the matter of the amendment of ARM 17.30.201, 17.30.507, 17.30.516, 17.30.602, 17.30.619, 17.30.622, 17.30.623, 17.30.624, 17.30.625, 17.30.626, 17.30.627, 17.30.628, 17.30.629, 17.30.635, 17.30.702, and 17.30.715 pertaining to permit application, degradation authorization, and annual permit fees, specific restrictions for surface water mixing zones, standard mixing zones for surface water, definitions, incorporations by reference, A-1 classification standards. B-1 classification standards, B-2 classification standards, B-3 classification standards, C-1 classification standards, C-2 classification standards, I classification standards, C-3 classification standards, general treatment standards, definitions, and criteria for determining nonsignificant changes in water quality

TRANSCRIPT OF THE PUBLIC HEARING

Katherine Orr, Presiding Officer

Montana Department of Environmental Quality
Metcalf Building, Room 111
1520 East Sixth Avenue
Helena, Montana

March 24, 2014 2:00 p.m.

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WHEREUPON, the proceedings were had as follows: Commerce, Department of Labor and Industry, Department of 2 2 Livestock, the Office of the State Auditor and Insurance MS. ORR: This hearing is called to order. My 3 3 name is Katherine Orr. I am an attorney with the Attorney Commissioner, and the Office of Economic Development. 4 General's Office, and I'm counsel to the Board of 4 The Education and Local Government Interim 5 Environmental Review. I've been designated to preside 5 Committee -- excuse me for a minute -- over the State 6 over this hearing today. 6 Board of Education, the Board of Public Education, the 7 7 Let the record show it is 2:00 p.m. on March 24th, Board of Regents of Higher Education, and the Office of 2014. This hearing is taking place in Room 111 of the 8 8 Public Instruction. 9 Metcalf Building, 1520 East Sixth Avenue, Helena, Montana, 9 Children, Families, Health, and Human Services Interim 10 to consider the proposed amendment of the captioned rules, 10 Committee, over the Department of Public Health and Human 11 11 Services. ARM 17.30.201 -- and I'm not going to go through the whole 12 12 list, but it starts with 17.30.201, then proceeds with Law and Justice Interim Committee, over the Department 13 17.30.507, 17.30.516, et cetera, pertaining to permit 13 of Corrections and Department of Justice. 14 14 application, degradation authorization, and annual permit Energy and Telecommunications Interim Committee, over 15 fees, specific restrictions for surface water mixing 15 the Department of Public Service Regulation. 16 zones, standard mixing zones for surface water, 16 Revenue and Transportation Interim Committee, over 17 17 Department of Revenue and the Department of definitions, incorporations by reference, A-1 18 classification standards, B-1 classification standards, 18 Transportation. 19 B-2 classification standards, B-3 classification 19 The State Administration and Veterans' Affairs Interim 20 20 standards, C-1, C-2, C-3 classification standards, general Committee, over the Departments of Administration and 21 treatment standards, definitions, and criteria for 21 Military Affairs and the Office of Secretary of State. 22 22 determining nonsignificant changes in water quality. And the Environmental Quality Council, over the 23 23 And before I go forward, would it be better -- Will Department of Environmental Quality, Department of Fish, 24 people be planning to come to the podium to speak? I 24 Wildlife & Parks, and the Department of Natural Resources 25 25 guess we'll do that, or else I can move it if it's in the and Conservation. 3 5 1 These interim committees and the EQC have the 1 way. 2 2 Notice of this hearing was published in the Montana authority to make recommendations to an agency regarding 3 Administrative Register under MAR Notice No. 17-356 on 3 the adoption, amendment, or repeal of a rule or to request 4 February 13th, 2014. And the Montana Code Annotated 4 that the agency prepare a statement of the estimated 5 Section 2-4-302(7) requires me to read what's called the 5 economic impact of a proposal. They also may poll the 6 Notice of Function of the Administrative Rule Review 6 members of the Legislature to determine if a proposed rule 7 7 Committee. It consists of a list of the legislative is consistent with the intent of the Legislature or, 8 committees and the departments over which those committees 8 during a legislative session, introduce a bill repealing a 9 preside or oversee, and the Environmental Quality Council 9 rule, or directing an agency to adopt or amend a rule, or 10 oversees various departments, which I'll read, including 10 a Joint Resolution recommending that an agency adopt, 11 the Department of Environmental Quality. And the Board is 11 amend, or repeal a rule. 12 administratively attached to the Department of 12 The interim committees and the EQC welcome comments 13 Environmental Quality, even though this statement doesn't 13 and invite members of the public to appear before them or 14 say that specifically. 14 to send written statements in order to bring to their 15 Notice of Function of Administrative Rule Review 15 attention any difficulties with the existing or proposed 16 Committee. Interim Committees and the Environmental 16 rules. The mailing address is P.O. Box 201706, Helena, 17 Montana 59620-1706. 17 Quality Council. Administrative rule review is a function 18 of interim committees and the Environmental Quality 18 I'm also advising everyone present today of the 19 Council, EQC. These interim committees and the EQC have 19 requirement in Montana law that agencies of state 20 20 administrative rule review, program evaluation, and government create and maintain a list of persons who are 21 monitoring functions for the following executive branch 21 interested in that agency's rulemaking proceedings. An 22 agencies and the entities attached to agencies for 22 agency's interested persons list must indicate the subject 23 23 administrative purposes. or subjects in which each person on the list is 24 The Economic Affairs Interim Committee has oversight 24 interested. Persons whose names are on the list will 25 responsibility over the Department of Agriculture, 25 receive notice by mail of all agency rulemaking notices in

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the subjects indicated.

2 Anyone here today who would like to have his or her 3 name placed on the Board's interested persons list may do

4 so by contacting me at the conclusion of today's hearing.

5 There are copies today, outside of the hearing room here,

6 of a document describing the Board's rulemaking authority

7 according to various bureaus within the Department. That

8 document may be useful for you to indicate which areas of

9 rulemaking interest you so that the Department, or the

10 Board in this case, can notify you of future rulemaking 11

hearings in that area.

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The Secretary of State's Model Rules require me to summarize the major provisions of the hearing notice. although given its length, I'm just going to go ahead and refer everyone to the actual notice of public hearing.

Paragraph 6 of the hearing notice indicates that interested persons may submit their data, views, or arguments, either orally or in writing, at this hearing. The notice also indicates that individuals may submit written data, views, or arguments to the Board no later than 5:00 p.m. on April 1st, 2014. To be guaranteed consideration, mailed comments must be postmarked on or before that date. Written data, views, or arguments may, on or prior to that deadline, be submitted to

25 Elois Johnson, who is a paralegal at the Department here. variable process dependent upon judgment. Per 75-5-313.

2 MCA, adoption of base numeric nutrient standards will

3 allow the Department to utilize a variance process which

4 allows the standards to be implemented gradually. Under

5 current rules, the narrative standard, variances per

6 75-5-313 are not available.

Numeric criteria provide the regulated community standards against which they can strike agreements; for example, carry out pollution trading with other point as well as non-point sources of nutrients. Numeric nutrient standards empower those along the rivers who are regulated to make their own decisions as to how they can best achieve long-term water quality compliance, be that through trading, water reuse, recharge, land application, et cetera.

Finally, the standards provide clarity as to what the true water quality endpoints are, which allow for more informed capital investments and wastewater infrastructure. The current narrative standard would never provide the regulatory clarity that the numeric standards will.

Next I'd like to go over some of the details of the base numeric nutrient standards and how they were developed. They were developed using objective scientific approaches. Analyses were conducted to determine a

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And her address is Box 200901, Helena, Montana 59620, and 1

2 she can provide fax or e-mail instructions. Her phone is

3 406-444-4386.

4 And today I'll stop reading and we'll actually get to 5 the substance of this hearing. First, we'll hear from the 6 department representative, who will provide an outline and 7 explanation of the amendments. And then I'd like to hear 8 from proponents and then opponents and then, finally, 9 anyone wishing to be heard and not wanting to be put in 10 the category of opponent or proponent. So with that, why 11 don't we start with the Department.

DR. SUPLEE: Good afternoon. My name is Dr. Michael Suplee, and I am a limnologist with the Montana Department of Environmental Quality, and I work in the Water Quality Standards Unit.

The first part of my testimony pertains to the base numeric nutrient standards for wadeable streams and large rivers. I will provide documents that support the scientific and technical basis of the proposed standards. Later in my testimony, I will address the status of nutrient standards for lakes and reservoirs.

I'd first like to touch on why numeric nitrogen and phosphorous standards are needed. Adoption of numeric nutrient criteria will forgo the need for a case-by-case interpretation of our narrative criteria, which is a

threshold or thresholds where harm to the beneficial uses

2 of Montana's surface waters occur. The criteria were then

3 set at levels that should protect the water body

4 beneficial uses from harm. Criteria for both nitrogen and

5 phosphorous are being proposed. Many regional scientific

6 studies show that both nitrogen and phosphorous are

7 co-limited. More commonly, nitrogen is limiting in our

8 streams as well as phosphorous.

All river and stream criteria in Department Circular DEQ-12A, which is part of the rule package, have been externally peer-reviewed by independent academic reviewers.

Now I want to get into the details of the criteria that are found in Circular DEQ-12A in Table 12A-1. The first thing folks will notice is that the criteria vary by geographic regions; they are broken up by ecoregions to reflect the local stream ecology and sensitivity to nutrient pollution. Smaller-scale ecoregions, which in the document are referred to as Level IVs, are broken out when they have higher natural nutrients than the coarser Level IIIs that they are in.

I would like to submit to the Board for their consideration this (indicating) department publication, "Scientific and Technical Basis of the Numeric Nutrient Criteria for Montana's Wadeable Streams and Rivers." 2008.

And I would like specifically to direct the Board to Expansion of the 1992 Benchmark Biology Study." 2 2 section 4.0, where the rationale for the geographic MS. ORR: Thank you. 3 3 stratification of the nutrient standards is presented. DR. SUPLEE: Finally on this topic, the third 4 4 MS. ORR: Thank you. category of importance was resource ratio theory. I would 5 5 like to submit these (indicating) two scientific articles, DR. SUPLEE: The criteria were developed using 6 three basic approaches. The first was a consideration of 6 one by Kahlert, 1998, and the other by Hillebrand, 1999, 7 7 dose-response studies. That's the relationship between which show that the nitrogen:phosphorous ratio of benthic 8 nutrient concentrations and some sort of an effect in 8 algae is very close to the Redfield ratio; that is, 7:1 by 9 9 streams and rivers. Two, consideration of nutrient mass. This is important, since benthic algae are key 10 concentration ranges found in our regional reference 10 drivers of primary productivity in wadeable streams and 11 11 streams. And three, resource ratio theory, that is, the rivers, and this data was used to help derive the 12 12 N:P ratio, also referred to as the Redfield ratio. criteria. 13 MS. ORR: Thank you. 13 Of these three, dose-response studies played the 14 14 largest role. Impacts to dissolved oxygen concentrations, DR. SUPLEE: So that is my material relating to which are related to fish and aquatic life, and thresholds 15 15 the development of criteria. 16 for nuisance algae growth, per a public-perception study 16 Next I'd like to go over another aspect of the 17 17 carried out in Montana, were large but not the only criteria. They don't apply year-round, they apply 18 drivers in establishing the criteria. Dozens, if not 18 seasonally, specifically, summer and early fall, to 19 hundreds, of scientific articles were consulted. The 19 protect streams when algal growth and plant growth peaks 20 20 Department itself carried out several field studies to and ensuing water quality impacts are maximal. The 21 develop and refine the standards between 2001 and 2011. 21 criteria can apply year-round if a stream affects a 22 22 I would now like to submit for the Board's downstream lake or reservoir, but that would be determined 23 23 consideration several documents which pertain to these on a case-by-case basis in a permit or TMDL. 24 three components: First, dose-response studies. Studies 24 I would like to submit for the Board's consideration 25 applicable to each ecoregion are found in "Scientific and 25 this (indicating) scientific article by myself, written in 13 11 Technical Basis of the Numeric Nutrient Criteria for 1 1 2007, "Developing Nutrient Criteria for Streams: An 2 2 Montana's Wadeable Streams and Rivers, Update 1." Evaluation of the Frequency Distribution Method," which 3 MS. ORR: Thank you. 3 describes the rationale and derivation of the seasonal 4 DR. SUPLEE: Of particular importance was the 4 basis of the nutrient standards. 5 5 MS. ORR: Thank you. Montana algal growth public-perception study, provided 6 6 here (indicating) in the scientific article by myself. DR. SUPLEE: In Department Circular DEQ-12A, 7 entitled "How Green is too Green? Public Opinion of what 7 there are site-specific criteria for streams whose water 8 8 Constitutes Undesirable Algae Levels in Streams." quality is atypical for the ecoregion they are in. This 9 MS. ORR: Thank you. 9 occurs because these streams are influenced by specific 10 DR. SUPLEE: The linkage between elevated benthic 10 nutrient sources; for example, an upstream lake or an 11 algal growth and dissolved oxygen levels is also found in 11 upstream Level IV ecoregion with high natural total 12 Appendix B.1.2 of the Department's "Assessment Methodology 12 phosphorous. Methods used to derive site-specific 13 for Determining" Impacts by Wadeable Streams -- or 13 nutrient criteria are found in section 4.0 of "Scientific 14 "Impacts by Nitrogen and Phosphorous to Wadeable Streams." 14 and Technical Basis of the Nutrient Criteria for Montana's 15 That, along with this memorandum from myself and Kyle 15 Wadeable Streams and Rivers, Update 1," which I submitted 16 earlier. 16 Flynn of the Department, elaborate upon the effects of low 17 17 DO and nutrients and how they are linked. Next I'd like to move on to how we develop nutrient 18 Next I'd like to introduce into the record this 18 standards for large rivers. We have large river criteria 19 (indicating) document that gets at reference sites. If 19 in Table 12A-1, again in Department Circular DEQ-12A. 20 Most of these large river criteria are under development, 20 you'll recall, I mentioned that reference streams are one 21 of the three major pieces we used to help derive the 21 but we have completed some for the lower Yellowstone 22 criteria. We developed an assessment process for 22 River. I would like to submit for the Board's 23 23 consideration first this (indicating) department document identifying reference streams in 2005, and that is 24 documented in this document entitled "Identification and 24 from 2010, "Defining Large Rivers in Montana Using a 25 Assessment of Montana Reference Streams: A Follow-Up and 25 Wadeability Index." This document lays out the process by

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which we define large rivers in Montana for the purpose of 2 water quality management.

MS. ORR: Thank you.

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3 4 DR. SUPLEE: Now, the development of nutrient standards for large rivers took a completely different 5 6 approach than we used for wadeable streams. Wadeable 7 streams were based on the processes that I summarized 8 earlier. In the case of large rivers, because of their 9 unique characteristics, we used process-based computer 10 simulation models, QUAL2K specifically. The models' 11 governing equations represent physical relationships 12 between nutrient availability, algal uptake kinetics, and 13 other dependencies, such as light, flow, and temperature.

We altered model conditions until nutrients began to impact other existing water quality standards which we already have on the books; for example, pH, dissolved oxygen, benthic algal density, total dissolved gas. The resulting criteria are in the same order of magnitude as those derived, independently I might add, for wadeable streams, which lends support to the general process and the magnitude of the criteria.

I would like to submit for the Board's consideration this (indicating) department document, "Using a Computer Water Quality Model to Derive Numeric Nutrient Criteria for the Lower Yellowstone River, Montana."

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MS. ORR: Thank you.

DR. SUPLEE: Next I'd like to discuss, as I said earlier in my testimony, where we're at with the development of lake and reservoir standards. Lake and reservoir standards are largely under development. A single lake has been proposed, Flathead Lake, which I will address specifically here.

The Department respectfully requests that the Board not adopt numeric nutrient standards for Flathead Lake just yet. The numeric nutrient standards for Flathead Lake in the proposed rules are based on the outcome of a series of public meetings undertaken in the 1990s by the Flathead Basin Commission, the Department, and stakeholders in the Flathead region. The parties in that process reached consensus that the existing condition of the lake was an appropriate goal for setting water quality standards for the lake.

18 The proposed standards today are the concentration of N and P that were in the lake at that time. However, 19 20 since the rulemaking notice was published, the Department 21 has received communications from the Flathead Basin 22 Commission and others questioning whether the existing 23 condition of the lake has changed and whether the existing 24 conditions is the appropriate standard to protect the 25 uses. They have requested that they be given access to

the recent and historic lake monitoring data, time to

2 analyze it, and an opportunity to discuss it with the

3 Department and other stakeholders. The Department

4 believes that this is a reasonable request that should be

5 granted.

6 The process will take a number of months to complete, 7 which is why the Department recommends that the Board not

8 adopt the numeric nutrient standards now for Flathead

9 Lake. The Department intends to work with the parties and

10 return to the Board with proposed numeric nutrient

11 standards at a later late. Rulemaking can be initiated at

12 that time. Our commitment to ensuring water quality in

13 the lake stands. We would like just some more time to revisit this approach. 14

Next I'd like to touch on the new low-flow design flow for nutrient discharges. This pertains to MPDES

permitting. The way the ARMs, the Administrative Rules of

18 Montana are currently written, they require the Department

19 to determine a low-flow specifically for nitrogen and

20 phosphorous. This is found in 17.30.635(2). We have done

21 that, and the Department is proposing the seasonal 14Q5.

22 This flow is specific to nutrient discharges. It's based on the algal growth patterns in streams and rivers

23 24 and the time it takes algal growth to peak and become

25 nuisance. And it's consistent with the EPA's frequency

and duration recommendations for allowable exceedance frequency once every three years.

2 3 I'd like to submit for the Board's consideration this

4 (indicating) technical memorandum from myself and

Kyle Flynn of the Department which addresses the

6 rationales and methods used to develop the seasonal

7 14Q5 low-flow design flow.

MS. ORR: Thank you.

9 DR. SUPLEE: The rules also have specificity in

10 terms of permitting and how permitting views nutrient 11 standards. Rule modifications in the package allow for

12 mixing of nutrients and nutrient effluents with the full

13 14Q5 when a standard mixing zone is calculated. That's a

14 new change in the rules. Permit limits will be expressed

15 as an average monthly limit. This is defined in Circular

16 DEQ-12A. Permitting methods in the new rules also will

17 follow EPA's Technical Support Document. The Department

18 uses the Technical Support Document for all water-related

19 permitting currently.

> A few other details. Department Circular DEQ-12A is incorporated throughout the surface water classes, which was necessary in order to incorporate those into our rules and our standards.

Modifications to the non-degradation rules, which are part of subchapter 5, allow that base numeric nutrient

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standards are harmful parameters, not toxic, at these ensure the intent and understanding of the Nutrient Work 2 2 concentrations. The non-severability clause in Group is accomplished. The League of Cities does not 3 3 17.30.715(4) -- again, this pertains to the dispute the research conducted by the League -- or by, 4 4 non-degradation rules -- however, needs to be made excuse me, DEQ in establishing the nutrient standards and 5 5 consistent with the other clauses in the rule package. It their effect on water quality. 6 needs to address the situation in which variances expire, 6 We have expressed and continue to express concerns 7 and so that's something that will need to be fine-tuned 7 that the proposed standards are not achievable financially 8 going forward. 8 or technically at this time. The proposed rules will 9 9 And our department's attorney has prepared a 311 and require technologies that are not available in the 10 521 takings analysis, and I would like to submit that 10 foreseeable future. Proposed phosphorous requirements 11 analysis to the Board at this time. 11 would require significant financial investments by all 12 12 MS. ORR: Thank you. point source dischargers in order to be implemented. The 13 DR. SUPLEE: In closing, the Department has been 13 required nitrogen values cannot be achieved with current 14 developing and refining the base numeric nutrient criteria 14 technologies that are available to all point sources. over the past 12 years. This work has included extensive Even using reverse osmosis and a membrane plant would only 15 15 16 reviews of the scientific literature, several 16 get us to a figure of 1 milligram per liter and the 17 17 proposed rules are .3. It is because dischargers cannot on-the-ground scientific studies carried out by the 18 Department, identification of impact thresholds, and 18 meet the proposed numeric nutrient limits that the 19 19 external academic peer review of the criteria and the proposed variance process is critical to the adoption and 20 20 methods used to develop the criteria. The criteria the process of numeric nutrient standards. 21 recommendations in Department Circular DEQ-12A reflect the 21 The League of Cities requests that the following areas 22 22 Department's best scientific and technical analyses to of the proposed rules have continued discussions before 23 23 date. implementation: Protection of downstream use. Before 24 24 Extensive public outreach over the past six years has final implementation of the numeric nutrient standards. 25 assured the Department has a practical and workable means 25 clarification and agreement on the extent point source 21 1 of implementing the standards over time via variances as 1 dischargers will be responsible for the protection of 2 2 presented this morning in the Department's rule hearing. downstream use and what considerations DEQ and EPA will 3 Thank you. 3 place on non-point source dischargers in developing point 4 MS. ORR: Thank you. 4 source discharge responsibilities and requirements. 5 At this time, I'd like to hear from proponents of the 5 We would also ask that a continued discussion on the 6 rule. 6 effects of non-point source dischargers be continued. We 7 7 Good afternoon. would ask that, working with the League of Cities and 8 8 MR. MUMFORD: Good afternoon. My name is other bodies that are affected by this, that eventually 9 David Mumford. I'm the public works director in Billings, 9 legislation be developed and brought forward for 10 Montana, and chair of the Montana League of Cities and 10 consideration by the State Legislature on how to work 11 Towns Water and Wastewater Committee. 11 and -- and mitigate the effects of non-point source 12 12 Montana League of Cities and Towns appreciates the dischargers. 13 13 opportunity to comment on the proposed numeric nutrient I want to thank the Department of Environmental 14 standards and corresponding rules and circulars. The 14 Quality, EPA, the Nutrient Work Group, and all the others 15 League of Cities has appreciated the willingness of the 15 that have worked very hard for a number of years to 16 16 Department's staff in working with the Nutrient Work Group develop the proposed standards and accompanying documents 17 17 to develop and improve the rules and to help with and to ensure that Montana's waters are kept clean. 18 understanding. This has been a very long and at times 18 Thank you. 19 frustrating process, but has worked to improve the 19 MS. ORR: Thank you, Mr. Mumford. 20 20 communications and, I believe, the final rules. Are there any other proponents? 21 21 MS. BRICK: My name is Christine Brick, with the The League of Cities supports the proposed rules Clark Fork Coalition out of Missoula, Montana. And I 22 pending before the Board of Environmental Review and the 22 23 23 would like to speak very broadly about the nutrient accompanying documents, understanding that the 24 corresponding documents all have to be approved at the 24 standards themselves. same time. The adoption of all rules would be required to 25 We are proponents of the standards from a scientific 25 22

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- basis. We believe that they've been very carefully
- 2 considered. They've been discussed in detail and debated
- 3 in detail in the Nutrient Work Group. A number of
- 4 different scenarios have been run looking at the sort of
- 5 what-if situations for all kinds of potential discharges,
- 6 and the nutrients -- you know, the nutrient standards have
- 7 been developed accordingly and taking a lot of these
- 8 things into account. And so I think what I like about
- 9 them is that they are a multiphase approach, using, you
- 10 know, both the reference condition, the dose-response, and
- 11 the Redfield ratio, with the heaviest emphasis on
- 12 dose-response. I think that's probably the most
- 13 reasonable way to look at the standards.

14 I also like the fact that they're flexible. Because

with nutrients it is not a one-size-fits-all type of 15

16 standard, and these criteria are definitely not one size

17 fits all. So I like the fact that they can be adjusted

18 over time.

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We will have some more detailed comments to present in writing, but I just wanted to, for the time being, say that, overall, we believe the Department has done an excellent job; that Montana actually probably stands out as a good example of how to scientifically derive nutrient standards; and we support them from that perspective.

25 Thank you.

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- meet the numeric concentrations for nitrogen and
- 2 phosphorous imposed by the new standards. Without the
- 3 statutory authority for the Department to authorize
- variances over the next 20 years, and the mandatory 4
- 5 application of general variances if certain criteria are
- 6 met, MPA would have urged the Legislature to abandon
- 7 pursuit of the numeric standards instead of supporting the
- 8 legislation that we did in 2011.
 - MPA has submitted written comments.
- 10 I must note the fear of the unknown many in the
- 11 regulated community, both the municipalities and
- 12 industrial operators with wastewater permits, have with
- 13 this rulemaking. The economic implications of it are
- 14 unknown. We simply do not know whether new potential
- 15 employers will be deterred from doing business in Montana.
- 16 We do not know whether some existing businesses with
- 17 discharge permits will find it impossible to continue to
- 18 do business in Montana following implementation of new
- 19 numeric standards; it's also unclear.

We do know that it will be very difficult to meet the end-of-pipe standards required by the rule package for a

- 22 permittee to receive a general variance. We also know
- 23 that we are guinea pigs in this experiment. Montana is
- 24 among a small number of states that have studied and moved
- 25 to adopt numeric standards for rivers and streams. Six

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- 1 MS. ORR: Thank you.
- 2 Other proponents?
- 3 (No response.)
- 4 MS. ORR: Okay. We'll move to the opponents.
- 5 Are there any opponents?
 - MR. GALT: For the record, my name is Dave Galt.
- 7 I'm the executive director of the Montana Petroleum
- 8 Association. Madam Hearings Officer, I just gave you our
- 9 written comments as well, so you've got an attachment plus
- 10 more detailed comments. I'm going to summarize these in a
- 11 lengthy summary, but I'm going to go through those.
 - MS. ORR: Thank you.
- 13 MR. GALT: MPA has served as a member of the
- 14 Nutrient Working Group since was it was created in 2009.
- 15 We've participated in the Nutrient Working Group meetings
- 16 and submitted two letters on behalf of the MPA members to
- the DEQ in 2012 and '13 in response to earlier drafts 17
- 18 pertaining to this rulemaking. We've secured counsel for
- 19 this entire process, and our counsel is here today,
- 20 Mr. Mercer.
- In 2011, the Legislature concluded that substantial 22 and widespread economic impacts would result if Montana law required immediate compliance with numeric nutrient standards because the current cost-effective wastewater
 - treatment technology does not exist to allow permittees to

- months ago, a federal judge noted, quote, "The plaintiffs
- 2 point out that the states in the Mississippi Basin have no
- numeric water quality standards for phosphorous in rivers 3
- 4 and streams or for nitrogen in any waters. And most
- 5 states do not attempt to limit nitrogen and phosphorous
- 6 discharges in their MPDES permits," unquote. None of our
- 7 neighbors have adopted numeric nutrient standards. It's
- 8 uncontested that we will have numeric standards when other
- 9 states will not.
- 10 The principal concern that MPA has with these rules is 11 the inadequacy of the severability clause. We recognize
- 12 that there's some inconsistency between the rules on both
- 13 the Department side and the BER side. DEQ proposes to add 14 a section 2 to Administrative Rule 17.30.619 and a
- 15 section 4 to Administrative Rule 17.30.715 as a
- 16 non-severability clause. As the Department has explained
- 17 in its comments accompanying the rule, the authority for
- 18 DEQ to issue a variance and a permittee to operate without
- 19 complying with the numeric standards pursuant to a
- 20 variance is crucial to the legislative intent and action.
- 21 If a court or EPA does anything to nullify a variance
- 22 authorized by DEQ, the intent behind the legislation would 23 be gutted.
- 24 MPA has worked closely with the Department on the

25 non-severability clause and appreciates the work to

- include it in the proposed rules. Nonetheless, we ask
- 2 that the Board modify the draft language because it simply
- 3 does not go far enough.
- The general variance provision internalized in the 4
- 5 rule to be promulgated by DEQ and amplified in DEQ-12B
- 6 will be of no effect if, after promulgation of the rule,
- EPA disallows a permit with a general variance for the
- 8 reason DEQ allowed the permittee to deviate from the
- 9 numeric nutrient standards based upon the application of a
- 10 general variance. The essence of the argument is this:
- 11 The Legislature, without opposition from EPA, used
- 12 mandatory language in Code 75-5-313(5)(b) to require DEQ
- 13 to incorporate a general variance in permits if the permit
- 14 applicant met certain conditions. If EPA, in turn,
- 15 refuses to allow a permit with a general variance to take
- 16 place as a result of the inclusion of the variance, the
- 17 intent of the statute has been nullified with respect to
- 18 the permittee.

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- In such a circumstance, the rules would not -- should not continue to bind permittees. Therefore, MPA has
- 21 provided the Board of Environmental Review with text to
- 22 amend the language employed by DEQ in the rule. Without
- 23 the addition of this language to the rule, the rule will
- 24 remain in force if EPA rejects a permit with a general
- 25 variance for the permittee because EPA does not believe
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- 1 the permittee is entitled to a general variance.
- 2 In addition, we have two general concerns about an
- 3 issue not addressed by the draft rules and related
- 4 documents. Neither the rules nor DEQ-12 address the scope
- 5 of protection of downstream uses and whether the
- 6 Department will assert that a discharger has a broader
- 7 responsibility beyond the first location of loading by any
- 8 other source, point or non-point. Contributions from
- 9 point source dischargers are the only discharges addressed
- 10 through the rules and circulars.
 - Specific changes to the draft rules are necessary. In
- 12 section 3 of the rule before the BER and in section 3 of
- 13 the rule in the first paragraph of the reason section
- 14 before DEQ, the draft reads, quote, "In many cases the
- 15 concentrations are below the limits of current wastewater
- 16 treatment technology, particularly for nitrogen," unquote.
- 17 We think it should say, "For nearly all permittees,
- 18 current wastewater treatment technology would not allow
- 19 permittees to meet the concentrations for nitrogen and
- 20 phosphorous without the technology being
- 21 cost-prohibitive."
 - No. 2: On pages 10 and 11 of the BER rule, in each
- 23 section which describes the rationale for amending the
- 24 rule, DEQ has explained that the new language is required.
- 25 in part, to, quote, "incorporate the nutrient standards

- variance limits," unquote. MPA recommends that the Board
- 2 modify the language in all three sections and strike,
- 3 quote, "nutrient standards variance limits," unquote, and
- 4 replace it with "the Department's authority to grant
- 5 variances from the numeric standards for permittees."
- 6 No. 3: In section 3 of the DEQ rule, where the
- 7 Department explains the reason for the rule, the
- 8 Department has written that the "statute allows
- 9 dischargers to be granted variances from base numeric
- 10 standards in those cases where meeting the standards today
- 11 would be an unreasonable economic burden or
- 12 technologically infeasible." We believe it should be
- 13 rewritten to reflect that "the statute requires DEQ to
- 14 grant general variances from base numeric standards in
- 15 those cases where meeting the standards today would be an
- 16 unreasonable economic burden or technologically infeasible
- 17 and the permittee meets the end-of-pipe treatment
- 18 requirements in DEQ-12B."

in our written comments.

- 19 Definitions in DEQ-12A and 12B are unclear. Monthly 20 and annual averages are unclear. We've proposed language
- 22 That's all we have. Madam Hearings Officer, we
- 23 appreciate the Department's work on this. It's been a
- 24 long -- a long haul on this. And thank you for the
- 25 opportunity to comment.

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- MS. ORR: Thank you.
- 2 Are there other opponents?
 - MS. JOHNSON: Good afternoon, Madam Hearings

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- 4 Officer. For the record, my name is Tammy Johnson. I am
- 5 the executive director of the Montana Mining Association.
- 6 The Montana Mining Association is a trade association of
- 7 mineral developers, producers, refiners, and vendors in
- 8 the state of Montana. The mining industry is a major
- 9 employer and taxpayer in this state, and we believe the
- 10
- continued viability and growth of our members' operations
- 11 are significant factors in the economic health of our
- 12 state and its citizens.
- 13 The Montana Mining Association has been engaged with
- 14 the Nutrient Working Group -- although I have not, my
- 15 predecessor was -- and we have submitted previous opinions
- 16 and comments to the Montana DEQ. I would like to express
- 17 my appreciation to the staff of the DEQ who have put in a
- 18 great deal of hard work on this total package and for
- 19 their willingness to patiently allow us to ask questions
- 20 and try to provide us with the answers we seek.
- 21 The Montana Mining Association did support Senate 22 Bill 367, the legislation that authorized this rulemaking
- 23 effort. And as Mr. Mumford stated, it is very important
- 24 that the entire package move together, stay together, and
- 25 continue together. The intent of Senate Bill 367 was, in

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- our opinion, very clear: Adopting numeric nutrient
- 2 standards would result in substantial and widespread
- 3 economic impacts, and that only by the variance process
- 4 being granted to all dischargers could the numeric
- 5 standards be proposed and adopted. This really is a case
- where the State put policy ahead of technology, but we 6
- 7
- agreed with the premise that a Montana-crafted solution
- 8 was the preferable path forward.
- 9 Our support of the 2011 legislation was based firmly 10 on the belief that all dischargers, current and future,
- 11 would be eligible for a general variance from the numeric
- 12 standards. The DEQ also acknowledges the legislative
- 13 intent and has included a statement to that effect in the 14
- guidance document. However, after many years -- many 15 years after both the 2009 and 2011 legislation that has
- 16 led to this point, we're a little bit less certain that
- 17 the process will work as intended.

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- 18 If future or current dischargers are disallowed the
- general variance or other appropriate variance either by 20 the State of Montana or, much more likely, by the EPA or
- 21 through litigation, then there must be a way to bring this
- 22 process to a full stop. It just isn't tenable to allow
- 23 the nutrient standards to remain without an effective
- 24 variance process available to all dischargers. We stand
- 25 in firm support of the non-severability language as
- 31
- 1 proposed by the Montana Petroleum Association. If this
- 2 language was included and was unambiguous as to how the
- 3 process would roll out should we find that the EPA is
- 4 denying some of these individual permits, we could move
- 5 very quickly from being in soft opposition to support of
- 6 this rule package.
 - The second issue I will speak to is the lack of
 - clarity as to the interplay of our non-degradation
 - statutes which apply to a new or increased source and the
- 10 numeric standards and variance rulemaking. There has been
- 11 no formal policy developed and there is not quite clarity
- 12 here. The DEQ staff has been willing to explore this
- 13 subject with our members and has indicated its continued
- 14 willingness to work with our individual members who may
- 15 apply for a discharge permit and others to look at the
- 16 options. We appreciate their commitment and their time,
- 17 and we trust that we're going to be able to arrive at a
- 18 workable, lawful solution, not only for our members but
- 19 others in the state.
 - We're going to choose to remain very positive about this process and of the rule package, but, admittedly, we
- 22 do have some concerns when we see that our immediate
- 23 neighbors in Idaho, the Dakotas, and Wyoming have not
- 24 ventured down this path. I suspect they're probably
- 25
 - waiting to see how this is going to be handled throughout

- the country, and maybe even specifically in Montana, and
- 2 gauge the success or lack thereof prior to deciding to
- 3 adopt their own standards. Perhaps we'll find that we
- have been absolutely brilliant and have laid out just the 4
- 5 right solutions to a difficult problem and will provide a
- 6 model to our neighbors. I certainly hope that's the case.
- 7 But one thing is for certain today: Montana will have
- 8 numeric nutrient standards in place when our neighbors do
- 9 not. We don't want to see companies making a decision to
- 10 not locate in Montana or to leave our state because of an
- 11 onerous, costly, potentially unworkable or sometimes even
- 12 just impossible to meet package. This overall package
- 13 simply cannot result in a regulatory moratorium on new
- 14 business in Montana.
 - The MMA will be submitting written comments to the
- 16 Board prior to the April 1st deadline. I'd like to thank
 - you for your service, your time, and your deliberations.
- 18 Thank you.

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- MS. ORR: Thank you, Ms. Johnson.
- Are there other opponents?
- 21 MS. MARQUIS: Good afternoon. My name is
- 22 Victoria Marquis. I'm an attorney with Crowley Fleck, and
- 23 I'm here representing Arch Coal and their Otter Creek Coal
- 24 Project.
 - Arch Coal has a significant concern that the proposed
 - 33
- rule amendments will have adverse and costly impacts on 1
- 2 their permitting process for the Otter Creek Project.
- 3 This issue is important enough that Arch Coal is doing a
- 4 comprehensive technical review, and we will be submitting
- 5 our own written comments by the April 1st deadline.
- 6 The proposed rule amendments add significant
- 7 uncertainty to the permitting process. It's not clear how
- 8 the rules will impact stormwater permits. It's not clear
- 9 how the process will work with the TMDL process. For
- 10 example, when a water body is not impaired or it hasn't
- 11 been through the TMDL process yet, it seems that the same
- 12 stringent numeric standards will apply even though they
- 13 may not be achievable at all.
- 14 Further, the technology necessary to meet the numeric
- 15 standards is expensive, and in some cases there may not be
- 16 a cost-effective treatment available at all. The
- 17 requirements for a general variance, those are high, and
- 18 the requirements for an individual variance may be too
- 19 difficult for industry to meet. For example, the guidance
- 20 for determining widespread and social economic impacts
- 21 seems wholly based on loss of jobs, increased social
- 22 services, and median household income, but there is no
- 23 consideration for a loss of investment.
- 24 In addition to meeting this high bar, the applicant 25 must also show the lowest effluent concentration feasible

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based on achieving the highest attainable condition within wadeable streams, not even California. This includes 2 2 the water body. Those terms may allow a great deal of Idaho, where the U.S. EPA has primacy over water quality 3 3 variation or they may allow none, depending on how they're permitting. Due to the complexity of the standards and 4 4 interpreted and also depending on how the TMDL process and the variance process, there is a very real possibility 5 the non-impairment status is considered. In any event, 5 that something may go wrong as these standards are 6 the attributes of the receiving water body must be taken 6 implemented. Because of the possibility of unintended 7 7 into account, and without that this process is too consequences for Montana's communities and businesses, I uncertain. 8 8 do question why Montana would be the first western state 9 9 Lastly, although the variances may be valid for up to to move ahead on nutrient criteria. 10 10 20 years, they require review through a public rulemaking That being said, there are steps that can be taken to 11 process every three years. This adds too much uncertainty 11 reduce this risk. First among these is to have a 12 where industry and companies such as Arch Coal need 12 functional non-severability clause in the rules that 13 long-term stability commensurate with their long-term 13 ensures the integrity of the overall program. There's 14 investment. 14 apparently been some recent legal discussion that suggests 15 This concludes my comments. Thank you. 15 that what is currently in the draft rules may not be 16 MS. ORR: Thank you, Ms. Marquis. 16 sufficient. It's essential that this be resolved before 17 Are there other opponents who wish to speak? 17 the standards and the variance rules are adopted. 18 (No response.) 18 A second essential element is to be adaptable as 19 MS. ORR: At this time, are there other persons 19 unanticipated issues are discovered. The Board and EPA 20 who are in neither category who wish to speak regarding 20 should expect that something will have to be modified in 21 these rules? 21 this package in the next few years. 22 22 Good afternoon. With regard to the standards, it's essential that 23 23 MR. SUGDEN: Hello. My name is Brian Sugden. everything that's required to work together work together 24 The last name is spelled S-U-G-D-E-N. I'm a forest 24 right. This includes the circulars that are proposed; the 25 25 hydrologist for Plum Creek based in Columbia Falls. variance process; it also includes the assessment method 35 1 Plum Creek is the largest private landowner in Montana, 1 2 2 with nearly one million acres. I've been participating in 3 the Nutrient Work Group discussions for the past five 3 4 years, representing forestry interests. 4

that the Department uses to determine compliance with the standards; and another essential element is the nutrient standards implementation guidance that provides flexibility in how these numbers are implemented in the 5 various ecoregions.

I also want to support the Department's recommendation

7 that was mentioned earlier today to postpone adopting 8 standards for Flathead Lake pending a more thorough 9 technical review. This is essential because the science 10 supporting the current numbers in the Phase I TMDL has not 11 been revisited in over 15 years. It is absolutely 12 essential that these numbers are right, that all available 13 data collected on the lake is made available to the 14 Department, and that the process to develop these 15 standards is transparent and involves local stakeholders. 16 So, in closing, I want to say that I appreciate the 17

efforts of the Department in working with stakeholders in developing the proposed standards and rule packages and look forward to working with the Department in the future.

20 Thank you.

MS. ORR: Thank you, Mr. Sugden. Is there anyone else who wishes to comment? MR. WILSON: My name is John Wilson, and I represent the City of Whitefish. My comments won't be technical in nature.

As a non-point source, forest activities in Montana are regulated through the state Streamside Management Zone

7 Law that mandates 50 to 100-foot buffers on all streams,

8 lakes, and other bodies of water. Additionally,

9 statewide, best management practice implementation on

10 forest lands exceeds 97 percent, based on the most recent

I'm here today speaking on behalf of Plum Creek. I

11 biennial statewide audit.

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think the numeric standards proposed for wadeable streams in Montana appear reasonable and are supported by good science and sound rationale. The Department has done a thoughtful job of stratifying the state into nutrient ecoregions, looking at reference stream conditions, and compiling and conducting research on the linkages between nutrient concentrations and algal response. The Department has been responsive to input provided by stakeholders during the development of these criteria, and that's very much appreciated.

Should the Board decide to adopt numeric nutrient criteria, Montana will be plowing new ground. No other

25 western state has adopted nutrient criteria for all

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	BEI GIVE THE BOTTES OF ENVIRONMENTAL REVIEW 1 OF		
1	I've been involved with the Nutrient Work Group, but	1	MS. ORR: Thank you, Mr. Wilson.
2	I'm not speaking as a Nutrient Work Group member. I've	2	Is there anyone who wishes to comment?
3	always been a little bit more on the community impact	3	(No response.)
4	point of view and concerns. And I support what has been	4	MS. ORR: It looks like not.
5	said, what Brian just said about the importance of	5	I just wanted to say that the Board goes over all of
6	adaptability. In spite of all the good work that I think	6	the comments. The transcript today will be reviewed by
7	everyone can be proud of, it's inevitable that there will	7	the Board, and I have to summarize all of the comments,
8	need to be some adjustments and changes, and I hope that	8	and then there will be a board meeting coming up in May.
9	the rulemaking enables that.	9	I would assume that it would the final notice of
10	I also just want to make a couple of comments for the	10	adoption will be heard by the Board in May. So if anyone
11	record. They're not directly to these standards, but I've	11	else here wishes to attend that, you're certainly there
12	never been through a rulemaking process before, and I	12	will be public notice of that, of course.
13	guess I expected a board to be here, somebody to have some	13	Is there anything else that anyone wishes to say at
14	interaction with. But I'm learning as I go along here.	14	this time?
15	I think it's obvious to everybody about the extreme	15	(No response.)
16	cost of these regulations, and, hopefully, people are	16	MS. ORR: It looks like the commenters have put
17	thoughtful about that. As we go down in the future, I	17	in their input, and this hearing is closed.
18	think that's going to have to be some of the motivation	18	Thank you, everybody.
19	for some adjustments in the future, not just scientific	19	(The hearing was adjourned at 3:01 p.m.)
20	background. You know, the Department and EPA have worked	20	* * * * *
21	with us in the Nutrient Work Group to try to ease that	21	
22	burden, but it's still going to be even with all the	22	
23	provisions, it's going to be a huge, a huge demand on the	23	
24	cities, and it's going to have a lot of indirect effects	24	
25	with the inability to afford other services for the	25	
	39		41
1	community when the ratepayers and taxpayers are tapped out		

2 paying for sewer bills.

I also think that there's a need for a lot of

- 4 outreach, because people are going to be surprised by
- 5 this. Even if they've studied it, I doubt very many
- 6 people understand what's coming. I certainly know I
- 7 don't, although I'm not a technically proficient person.
- 8 There's going to be a lot of need for public education,
- 9 and I think even after that people are going to be upset
- 10 and resistant. I think the Board of Environmental Review
- 11 is going to see a lot more permit appeals and enforcement
- 12 actions, because it's just going to be a very hard thing
- 13 to get through. And I think the more the public can
- 14 understand what's coming, can find a way, through
- 15 education perhaps, to accept its fairness, maybe there
- 16 will be less resistance. But we are all going to have to
- 17 contend with that.

18 So, again, I support very much the comments about the

- 19 importance of adaptability in the future. I hope we can
- 20 all look forward to that. I thank the DEQ staff and EPA
- 21 staff and everybody involved for all their work on this.
- 22 It has been a long -- a long haul. I think the details of
- 23 implementation are going to reveal the need for some
- 24 fine-tuning, but it's time to get on with it.
- 25 Thank you.

COURT REPORTER'S CERTIFICATE

STATE OF MONTANA)

SS.

COUNTY OF LEWIS AND CLARK)

I, CHERYL ROMSA, Court Reporter, residing in Helena, Montana, do hereby certify:

That the foregoing proceedings were reported by me in shorthand and later transcribed into typewriting; and that the -41- pages contain a true record of the proceedings to the best of my ability.

DATED this 31st day of March, 2014.

s/Cheryl A. Romsa
CHERYL A. ROMSA